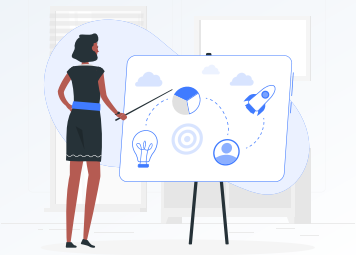
Co-funded by
the European Union

MODULE 3 · FREELANCER-TO-STARTUP TOOLKIT

Money That Lasts

Financial literacy & financing, read your own money honestly, price with confidence, keep a reserve, and make the big decisions with a rule, not fear.



Steady, not hand-to-mouth

Co-funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Education and Culture Executive Agency (EACEA). Neither the European Union nor EACEA can be held responsible for them. · Erasmus+ KA210-YOU · Project 2025-1-SI02-KA210-YOU-000365490

MODULE THREE

Money That Lasts

03

The topic freelancers worry about most and plan for least. Turn that anxiety into a small set of tools you can actually use.

Most freelancers don't get into trouble because they earn too little for a month. They get into trouble because they **can't see what's coming**, price their work without confidence, or keep nothing back for the lean weeks. The guiding principle is simple: **raise and spend the least you need, price fairly, and keep a reserve**, money that lasts is built mostly by controlling what goes out.



By the end, a participant can

- Tell cash apart from profit, and know their gross margin.
- Build a 12-month cash-flow forecast and see the lean months before they arrive.
- Price from a floor rate, keep a reserve, and decide with a rule, not fear.

~3 hrs facilitated | 3 facilitator-led + 2 self-directed | Localised · PT · LT · SI | Youthpass · Financial literacy

CONCEPTS IN THIS MODULE

1 · Cash is not profit
2 · The few numbers worth knowing
3 · The 12-month cash-flow forecast
4 · A reserve that protects you
5 · Price with confidence
6 · Five money decision rules
7 · Going legit: plan the transition
8 · The funding map
9 · Hiring an accountant

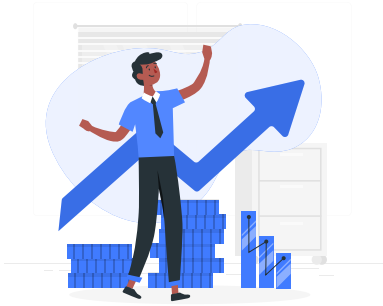
ACTIVITIES & RESOURCES

F1 · Cash-Flow Map, 60 min
F2 · Price With Confidence, 60 min
F3 · Going-Legit Clinic, 60 min
S1 · Know Your Numbers, 30 min
S2 · My Money Plan, 50 min
+ Case study · resources · templates · glossary

KNOW YOUR NUMBERS

Cash is not profit

The day a big invoice lands, you feel rich, that's cash. What's actually yours after costs, tax and the quiet months is profit, and it's usually much smaller. Freelancers who confuse the two spend money that was never theirs. Steer by profit; watch cash so you never run dry.



Cash is not Profit

Two numbers freelancers confuse, telling them apart keeps you out of trouble.

CASH

What's in the account right now.

Feels like wealth the day a big invoice lands.

PROFIT

What you keep after every real cost & tax.

The number that actually pays you, months later.

VS

MONTH 1	MONTH 2	MONTH 3
€3,000 invoice lands	spend like it's yours	tax bill due
feel rich	cash drops	profit was €1,800

Cash ≠ profit

Cash is money moving through your account; profit is what you keep after everything. A full account today can still be an unprofitable month.

Set tax aside on arrival

The moment money lands, move the tax portion out of reach. It was never yours, treating it as income is how freelancers get a nasty year-end surprise.

Feeling rich the day an invoice lands is cash. What you keep after costs and tax is profit, steer by that.

THE NUMBERS THAT MATTER

The few numbers worth knowing

You don't need to be an accountant, you need a handful of numbers you actually watch: what each client costs you to win, what they're worth, your monthly running costs, and your break-even point. A few honest figures, checked regularly, beat a perfect spreadsheet you never open.



The Few Numbers Worth Knowing

Not management accounts, a handful of numbers, checked once a month.

Number	In plain words	How to work it out
Gross margin	What you keep from a job after its direct costs	**(price − direct cost) ÷ price**
Operating margin	What's left after your running costs too	**(revenue − costs) ÷ revenue**
Cost to win a client	What selling & marketing cost per new client	**spend ÷ new clients (CAC)**
Value of a client	Profit one client brings while they stay	**monthly rev × margin × months (CLV)**

Rule of thumb: a client should be worth at least 3× what it costs to win, and earn that back within a year.

A client worth 3×

Aim to earn at least three times what it cost to win a client, and to earn it back within a year. If winning costs more than the client returns, the growth is losing you money.

Know your break-even

The revenue you need each month just to cover costs and pay yourself a basic wage. Below it you're shrinking; above it you're building. Know the line.

A client should be worth at least 3× what it costs to win, and earn that back within a year.

SEE THE YEAR COMING

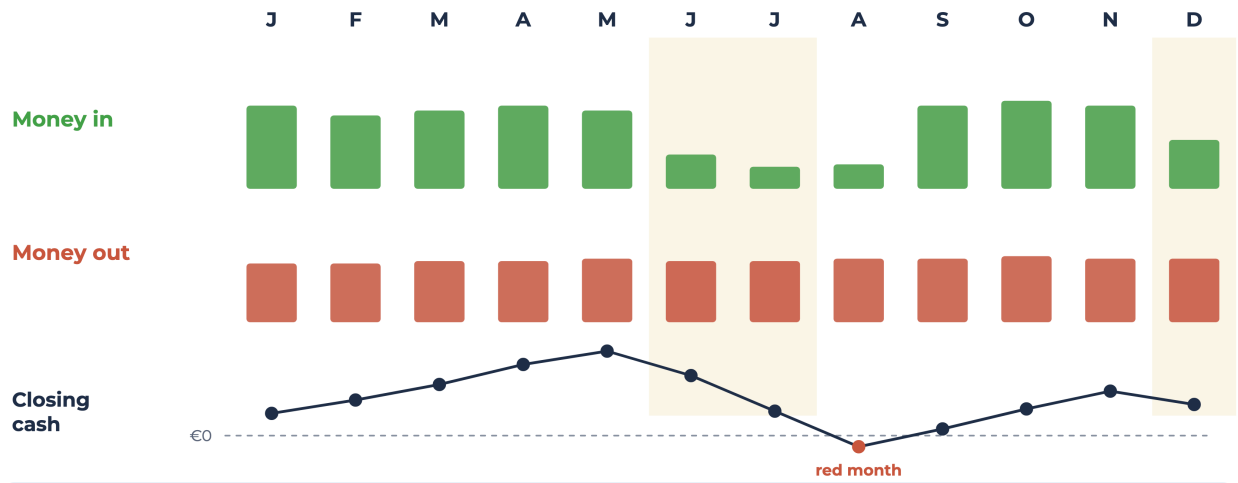
The 12-month cash-flow forecast

Freelance income arrives in waves, feast then famine, so a single month tells you almost nothing. A simple 12-month cash-flow forecast lays the whole year out: money expected in, money going out, and the running balance, so you can see the lean months coming while you still have time to act on them.



The 12-Month Cash-Flow Forecast

Lay the year out so the lean stretch is a planned dip, not a shock.



Shade the slow months now, fund them from the strong ones, and circle the first month your cash dips below €0.

See the dip before it bites

A forecast turns a nasty surprise into a known event. Spotting a thin March in January means you can line up work now, not panic then.

Plan in pencil, review in ink

A forecast is a living guess, not a promise. Its value comes from checking it against reality every month and adjusting, a budget you never review is just a wish.

Plan in pencil, review in ink. A budget you never check is a wish; one you review monthly is a steering wheel.

BUILD A BUFFER

A reserve that protects you

Freelancers get no sick pay and no paid holiday, so the only safety net is the one you build. A cash reserve turns a bad month from a crisis into an inconvenience. Aim to save, in good months, a buffer of living costs: one month is survival, three is safe, six is strong. Keep it separate, out of sight and out of spend.



A Reserve That Protects You

Saved in the good months for the lean ones, the gap between a bad month and a crisis.



STRONG ------> 6× fixed costs, sleep easy

SAFE RECOMMENDED ------> 3× fixed costs, aim for this

SURVIVAL ------> 1× fixed costs, the bare floor

Keep it in a separate account, out of sight, out of spend. It's what lets you say no to an underpriced panic gig.

One, three, six

One month of costs is bare survival; three months is genuine safety; six months is strength and the freedom to say no. Build up the ladder as your income allows.

Out of sight, out of spend

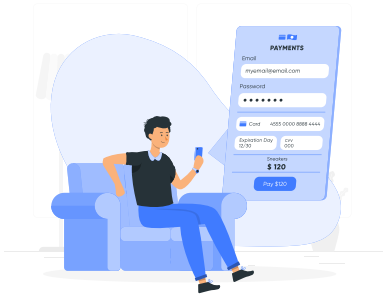
A reserve only works if you can't casually dip into it. Keep it in a separate account you don't see daily, so it's there for a real emergency, not a quiet Tuesday.

A reserve turns a bad month into a manageable one. Keep it separate, out of sight, out of spend.

CHARGE WHAT IT'S WORTH

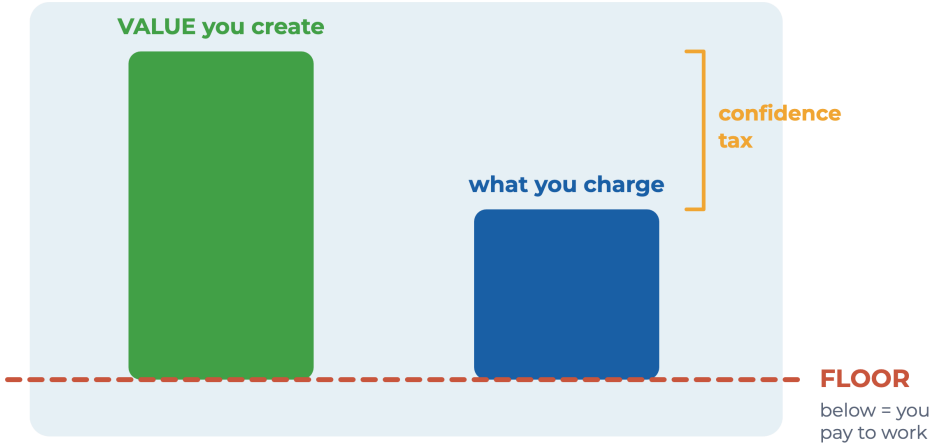
Price with confidence

Under-pricing is the most common, and most damaging, freelancer habit. It comes from fear, not maths. The fix is two numbers: your **floor** (the rate below which the work costs you money) which you never break, and your **value** (what the result is worth to the client) which you price toward. Then say the number, out loud, without apology.



Price With Confidence

Never go under your floor, and close the 'confidence tax' gap to the value you create.



Floor = (yearly costs + your wage + tax set-aside + reserve slice) ÷ realistic billable days.
Quote from the floor up, then say the number without apology.

Know your floor

Your floor is the rate that covers costs, tax, unpaid time and a real wage. Quote below it and you're paying to work. Never, ever go under it.

Price the value, not the hours

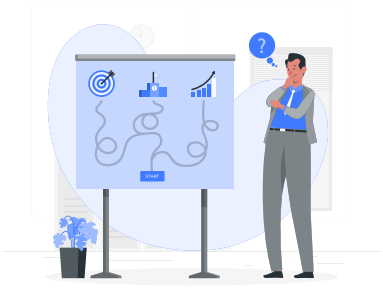
Clients pay for the outcome, not your time. A logo that wins a client is worth far more than the hours it took, price toward the result, and drop the apology.

Know your floor and never quote under it. Then price toward value, and say the number without apology.

DECIDE WITH A RULE

Five money decision rules

Money decisions are hard because they arrive when you're stressed, a tempting client, a big purchase, a cash gap. The fix is to decide the rule in a calm moment, then just follow it in the hard one. A few simple rules, spend only what you can lose, sleep on big buys, keep the tax untouched, remove the agonising when it matters most.



Five Money Decision Rules

Decide fast on the facts, slowly on anything hard to undo.

Scale now or wait?	Wait until the same work repeats predictably; test cheaply before you spend on growth.
Hire or stay solo?	Only when the work is repeatable AND you've saved ~3 months of that person's cost, on top of your buffer.
Invest or keep cash?	Spend against a tested plan; don't let a cash spike inflate your fixed costs.
Cheap gig or hold price?	Hold your floor. A job below the floor costs money to do.
Income unstable, now what?	Cut fixed costs, grow the reserve first, and chase recurring income over one-off spikes.

Set the rule when calm

Decisions made under pressure are usually bad. Agree your rules on a quiet afternoon, then a stressful moment becomes “follow the rule”, not “agonise again”.

Fast on facts, slow on the irreversible

Reversible, cheap decisions: decide fast and move on. Big, hard-to-undo ones: slow down, sleep on them, check them against your rules and your reserve.

Fast on the facts, slow on the irreversible. Set the rule in a calm moment; follow it in a hard one.

GO LEGIT, PLAN IT

Plan the transition, don't fear it

Formalising, registering, paying into the system, can feel like all cost and no gain, especially if you'd lose a benefit or allowance. But staying informal has real costs too: no rights, no protection, no access to bigger clients or funding. The move isn't to fear it or rush it, but to plan the transition so the rights you gain outweigh what you give up.



Going Legit: Plan the Transition

Registering changes two things at once, go in with eyes open, not fear.

BEFORE registering

- Informal income
- Some welfare support
- No tax / contributions yet
- No formal rights or protection

AFTER registering

- ✓ Pay tax & contributions
- ✓ Welfare may reduce
- ✓ Gain rights & protection
- ✓ Can grow, invoice, access funding

⚠ **Never guess the rules.**

Figures change yearly and differ per country, always confirm with the official national portal.
For migrant & Roma learners, point to free, trusted local advice and address fear of authorities directly.

Rights, not just obligations

Formalising isn't only tax and admin, it brings real rights: pension, sick and parental protection, credit, contracts you can enforce, and clients who can only work with the registered.

Mind the benefits cliff

If registering means losing a benefit, don't just leap. Check the actual thresholds, time the move, and make sure your new income clears the gap, plan the transition rather than fearing it.

Formalising trades some support for real rights and room to grow. Plan the transition, don't fear it.

MATCH MONEY TO STAGE

The funding map

When you need money to grow, the instinct is to think "investor" or "loan", but those are usually the wrong, and most expensive, first stops. There's a ladder: reinvest your own revenue, then grants and youth schemes, then small microloans, and only much later, equity. Match the money to your stage, and always start with the cheapest.



The Funding Map

Match the money to your stage, cheapest, least-risky first.

1	2	3	4
YOUR OWN MONEY	**GRANTS & YOUTH SCHEMES**	**MICROLOAN**	**INVESTMENT**
Bootstrapping, reinvest revenue, keep costs low	Non-repayable, EU/national youth & start-up funds	Small, repayable, when a tested plan needs a push	Give up a share, only for proven, scalable models

Start at the left. Look up Erasmus for Young Entrepreneurs, the Youth Guarantee and local microfinance before giving up any share of your business.

Cheapest first

Reinvested profit costs nothing and keeps you in control. Grants are non-repayable. Loans cost interest. Equity costs ownership, forever. Climb the ladder from the bottom.

Grants before giving away

Especially for young entrepreneurs, look hard for grants, youth schemes and non-repayable support before you borrow, and long before you give away a share of your business.

Match the money to your stage, cheapest first. Reinvest, then grants, then microloans, equity last.

GET HELP AT THE RIGHT TIME

Hiring an accountant

You don't need an accountant on day one, but the moment tax, VAT or contributions get real, a good one pays for themselves in time, stress and avoided mistakes. Know what to ask for, and treat it as buying **peace of mind and hours back**, not a grudge cost.

When it is worth it

- You cross the VAT threshold
- Tax feels confusing or scary
- You spend hours on admin you hate
- You are about to register or hire

What to ask them

- Fixed monthly fee, not surprises
- Experience with sole traders
- Will they explain, not just file?
- Can they set up simple systems?

Do this yourself first

- Keep clean records as you go
- Separate business & personal money
- Set tax aside every time you are paid
- Bring tidy numbers, it costs less

A good accountant is a guide, not a gatekeeper

Ask them to explain each obligation in plain words the first time. If they can't, find one who will, you stay responsible for your own numbers.

Cheaper if you come organised

The tidier your records, the smaller the bill. Clean books all year turn tax season from a panic into a formality.

Bring an accountant in when tax gets real, and come organised. You are buying back time and peace of mind.

FACILITATOR-LED

F1 • Cash-Flow Map

60 min

Exercise & guided planning

BASED ON

Sub-chapter 3 · The 12-month cash-flow forecast & budgeting.

BY THE END, PARTICIPANTS CAN

Build a simple month-by-month forecast and identify the first month their cash would run short.

Step by step

1. **Frame it** · 5 min

   Open with a question, not a definition: "what month do you dread, money-wise?" Write the months named on the board, a pattern always appears.

2. **Build the shared example** · 15 min

   Invent one fictional freelancer and fill in their year together, rough money in/out, then closing cash. Watch one slow month eat the earlier buffer.

3. **Spot the red month** · 10 min

   Find the first month closing cash goes negative. Test the three levers live: save earlier, push spending later, or raise prices.

4. **Your own forecast** · 20 min

   Each learner drafts their own twelve months with real numbers, three or four rows is plenty. Circulate; rough beats blank.

5. **Circle & commit** · 10 min

   Each person circles their first red month and writes the one move that protects it. Volunteers share, never required.

THE FRAMEWORK

Your money has a calendar, a forecast turns the lean stretch into a planned dip.

→ See the full diagram

MATERIALS

One large printed 12-month grid (A1) or a whiteboard; sticky notes; learners' rough income/cost figures (ask them to bring these); calculators or phones.

FACILITATOR PREP

Draw the grid (months across; rows for opening cash, money in, money out, net, closing cash). Prepare one worked example and shade the slow months for your sector.

Facilitator tips

For low-confidence learners or NEETs, start from the shared example and let them copy the structure. Keep numbers small and real. Never make anyone show their figures.

→ What can I do next?

Finish your 12-month forecast at home and set a reminder in the month before your first red month to act.

Reflection & Youthpass

Where is my next lean month, and what is my one move to get through it? **Youthpass:** Entrepreneurship, planning & financial literacy; learning-to-learn.

★ Expert extension

Add a 'paid 30/60 days late' column for one big client and watch how a slow payer alone can create a red month, then plan for it with deposits or staged invoicing.

FACILITATOR-LED

F2 • Price With Confidence

60 min

Role-play & calculation

BASED ON

Sub-chapter 5 · Pricing, the floor rate & value-based thinking.

BY THE END, PARTICIPANTS CAN

Work out a floor day-rate and hold a fair price out loud without apologising.

Step by step

1. **Frame it** · 5 min
   Name the confidence tax: underpricing out of fear is a tax you pay yourself on every invoice. Today we fix the number and the nerve.
2. **Work out your floor** · 15 min
   Each learner fills the floor worksheet: yearly costs + wage + tax set-aside + reserve slice ÷ realistic billable days. Quote under it and you pay to work.
3. **The value flip** · 10 min
   Rewrite one offer from hours to result: "I charge for the result, not the hours." List what the outcome is worth to the client.
4. **Quoting role-play** · 20 min
   In pairs: one states a price and holds it through the silence. Then add 15–20% and say it again. Swap. Confidence is a muscle, rehearse it.
5. **Commit** · 10 min
   Each person writes their floor and the next price they'll quote, and reads the number out loud once, without apology.

THE FRAMEWORK

Never quote under your floor; price toward value, not hours.

→ See the full diagram

MATERIALS

The printed Floor Day-Rate worksheet; calculators or phones; scrap paper for the role-play quotes.

FACILITATOR PREP

Read sub-chapter 5. Work the floor calculation yourself first so you can help. Prepare one relatable "underpriced job" story.

Facilitator tips

Underpricing is usually about self-worth, not maths. Celebrate the higher number. For anxious learners, script the exact sentence and let them read it until it feels normal.

→ What can I do next?

Quote your next real job at or above your floor, and say the number without softening it.

Reflection & Youthpass

What is my floor, and where have I been paying the confidence tax? **Youthpass:** Entrepreneurship, financial literacy; personal initiative & confidence.

FACILITATOR-LED

F3 • Going-Legit Clinic

60 min

Guided clinic & planning

BASED ON

Sub-chapter 7 · Going legit, the benefits trap & tax in plain language.

BY THE END, PARTICIPANTS CAN

Map what changes when they register, using their own national source, and plan the transition.

Step by step

1. **Frame it** · 5 min
   Registering changes two things at once, new tax/contributions, and possible changes to welfare. That's not a reason to avoid it; it's a reason to plan.
2. **The questions, not the numbers** · 10 min
   Hand out the checklist: what tax/contributions will I owe? the VAT threshold? a reduced-rate or start-up period? what welfare changes?
3. **Look it up together** · 20 min
   In pairs or small groups, learners find the answers on the official portal for their own situation. Facilitator circulates; nobody guesses.
4. **Before / after** · 15 min
   Each learner sketches their own before/after of income and entitlements, and names the gains, rights, invoicing, funding access.
5. **Plan the step** · 10 min
   Each writes the one next action (book advice, gather documents, set a date) and who they'll ask for free help.

THE FRAMEWORK

Registering trades some support for real rights, plan it, don't fear it.

→ See the full diagram

MATERIALS

Internet access to the official national portal(s); the registration question checklist; contact details for a free local advice service.

FACILITATOR PREP

Look up your country's official portal and current thresholds beforehand. Line up a trusted local advice contact. Never present invented figures.

Facilitator tips

For migrant and Roma learners especially, address fear of authorities directly and frame registering as gaining protection. Always confirm with the official source and a trusted advisor.

→ What can I do next?

Answer the four registration questions for your own situation using the official portal, and book one free advice session.

Reflection & Youthpass

What do I actually gain by registering, and what is my first concrete step? **Youthpass:** Entrepreneurship + civic competence, knowing your rights and obligations.

★ Expert extension

Compare the cost of staying informal (no rights, no invoices, capped growth) against formalising, the long-run cost of invisibility is usually higher than the tax.

SELF-DIRECTED · ~30 min · Mini-mission

S1 • Know Your Numbers

See clearly before you plan. A few real numbers beat a vague feeling every time.

1. **Take your last job**
   write down the price and the direct costs of doing it.
2. **Work out gross margin**
   (price − direct cost) ÷ price. Is it thin, or healthy?
3. **Trace your last 3 clients**
   where did each come from? That's the start of your cost to win one.
4. **Name one number to improve**
   margin, or where clients come from, pick one to work on.



→ Next

If a job's margin is thin, decide: raise the price, cut the cost, or stop taking that kind of work.

✎ Your workings

Reflection & Youthpass

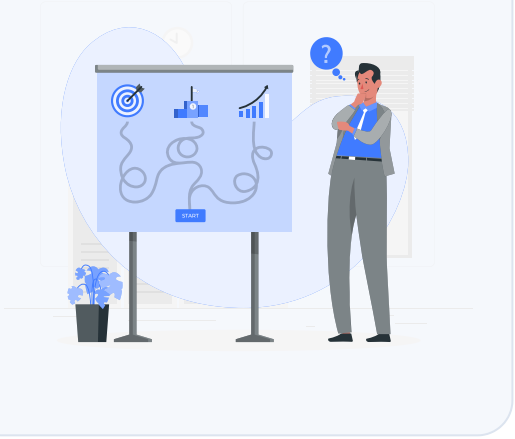
Do I know my floor, my margin and my next red month? Which one will I act on first?

SELF-DIRECTED · ~50 min · Planning exercise

S2 • My Money Plan

Turn the tools into one page you'll actually use, a floor, a reserve target, and a rule.

1. **Set your floor**
   use the Floor worksheet, the rate you never go under.
2. **Pick a reserve target**
   1, 3 or 6 months of fixed costs, and where you'll keep it.
3. **Draft your forecast**
   use the Cash-Flow template and mark the red month.
4. **Write one "if … then …" rule**
   for the next money decision you face, with a date.



→ Next

Pin the one-page plan where you'll see it. Review it monthly, forecast against what actually happened.

✎ Your workings

Reflection & Youthpass

Do I know my floor, my margin and my next red month? Which one will I act on first? **Youthpass:** "I can read my own money honestly, price with confidence, and plan for the lean months."

CASE STUDY

Pieter Levels: profit before funding

Pieter Levels is a Dutch maker who, in 2014, set himself a public challenge: build twelve small internet businesses in twelve months. Most failed. But two, a directory for remote workers and a remote-jobs board, started earning real money, and he kept them **deliberately tiny and profitable**.

What makes him a money case study is what he *didn't* do: he never took investment. He **reinvested his own revenue**, kept costs almost nothing (he ran everything himself), and priced for recurring income rather than one-off spikes. He has been unusually public about the numbers, sharing live revenue dashboards, precisely to show young makers that a one-person business can earn a serious, lasting living without giving away a share of it.

Years later those same small products reportedly earn **millions a year** with essentially a team of one. The lesson isn't "go viral." It's that controlling costs, pricing for repeat income, and reinvesting profit is a slower but far more durable path than chasing funding.

Pieter Levels (levels.io). Publicly shares revenue; author of *MAKE*. Facilitator tip: pair it with a **local** freelancer who grew by reinvesting, not borrowing.



THE MODULE 3 IDEAS IN THIS STORY

- **Bootstrapping over equity (funding map) →**
- **Recurring income beats one-off spikes →**
- **Control what goes out →**
- **Price for value & repeat →**

What you can borrow, at any size

1. **Keep costs near zero early.** The less that goes out, the sooner you're profitable and the freer you are.
2. **Price for repeat income.** A subscription or retainer beats a one-off, because it turns a spike into a floor.
3. **Reinvest your own profit.** Fund the next step from revenue before you ever give away a share.

He didn't raise money, he kept costs tiny, priced for repeat income, and reinvested profit. That's money that lasts.

GO DEEPER

Resource library

Everything to go further with Module 3. The **printable templates are built into this booklet** (next pages) and also at shift.elnlab.eu/resources.

SHIFT printable templates

- Cash-Flow Forecast · F1
- Floor Day-Rate worksheet · F2
- Money glossary · plain-language terms

Reading & further learning

- Profit First, Mike Michalowicz
- Company of One, Paul Jarvis
- The Nomad List revenue dashboards, levels.io
- Your national tax authority's start-up guide

Free money tools

- Invoicing, SumUp / Wave / a simple template
- Set-aside, a separate tax & reserve account
- Bookkeeping, a shared spreadsheet is enough to start
- Payments, Wise / Revolut for cross-border

Funding & advice routes

- Erasmus for Young Entrepreneurs
- The Youth Guarantee (your country)
- Local microfinance / credit unions
- Free business-advice services & chambers

Watch & listen (free)

- Pieter Levels, bootstrapping talks
- Profit First, explained
- Your Europe, business & tax basics

Case study

The "profit before funding" story on the previous page, Pieter Levels, pairs well with a local freelancer who grew by reinvesting, not borrowing.

PRINTABLE TEMPLATE · 1 OF 2

Cash-Flow Forecast

The worksheet for facilitator activity **F1 · Cash-Flow Map**. Fill in rough numbers, foresight, not precision.

Cash-Flow Forecast

SHIFT · print & fill

One row per line, fill in your own rough numbers, month by month.

	J	F	M	A	M	J	J	A	S	O	N	D
Opening cash												
Money in												
Money out												
Net (in − out)												
Closing cash												

▶ **Circle the first month your closing cash turns negative, then plan the one move that protects it.**

1. **Three or four rows is plenty**, money in, money out, closing cash. Rough beats blank.
2. **Shade the slow months** and fund them from the strong ones.
3. **Circle the first red month**, that's the one to plan a move for.

Lay the year out so the lean stretch is a planned dip. Circle the red month, then plan the one move that protects it.

PRINTABLE TEMPLATE · 2 OF 2

Your Floor Day-Rate

The worksheet for facilitator activity **F2 · Price With Confidence**. The rate below which a job costs you money.

Your Floor Day-Rate

SHIFT · print & fill

The rate below which a job costs you money. Fill each line, then add up.

Yearly running costs (software, insurance, etc.)	€
The yearly wage you actually want	€
Tax & contributions set-aside (est.)	€
A slice for your reserve	€
= Total you must cover this year	€
÷ Your realistic billable days (not 365!)	days
= YOUR FLOOR DAY-RATE	€ / day

▶ **Quote from your floor up, never under it. Then practise saying the number without apology.**

1. **Count every real cost**, software, insurance, the wage you actually want, tax and a slice for the reserve.
2. **Use realistic billable days**, not 365, most freelancers bill far fewer days than they think.
3. **Quote from the floor up**, and practise saying the number without apology.

Know the rate below which a job costs you money, and never quote under it.

PLAIN-LANGUAGE TERMS

Money glossary

Every term explained in one line, no accounting background assumed.

Cash
The money actually in your account right now.

Profit
What's left after every real cost and tax are counted.

Gross margin
What you keep from a job after its direct costs: (price − direct cost) ÷ price.

Operating margin
What's left after your running costs (overheads) too.

Overheads
Costs you pay whether or not you have work, software, insurance, rent.

Cash-flow forecast
A month-by-month map of money in and out, so you see the lean months early.

Reserve (buffer)
Savings kept aside to turn a bad month into a manageable one.

Floor rate
The price below which a job actually costs you money.

Value-based pricing
Pricing to the result the client gets, not the hours you spent.

CAC, cost to win a client
What selling and marketing cost you per new client.

CLV, value of a client
The profit one client brings while they stay with you.

Bootstrapping
Funding growth from your own revenue instead of outside money.

Microloan
A small, repayable loan suited to an early, tested plan.

VAT threshold
The sales level above which you must register for and charge VAT.

Every money term here is just plain sense with a label. Learn the word once, and the fear goes with it.